

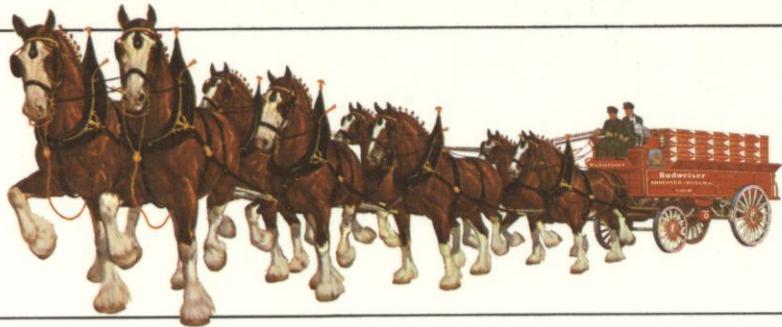
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ANHEUSER-BUSCH, INCORPORATED

ANNUAL REPORT FOR THE YEAR 1969





A company trademark since 1933, the Budweiser Clydesdale eight-horse hitch has been seen by hundreds of millions of people from coast to coast. Television exposure through participation in Macy's Thanksgiving Day parade, as well as the Tournament of Roses parade, adds millions more to the total number of persons who see the Budweiser Clydesdales each year.

THE ANNUAL MEETING

of shareholders of the Company will be held on Wednesday, April 22, 1970, at 10:00 a.m., St. Louis time. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 12, 1970.



*Annual Report to
Shareholders of*

**ANHEUSER-BUSCH,
INCORPORATED**

St. Louis, Missouri

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The year at a glance

YEAR ENDED DECEMBER 31	1969	1968
Barrels of beer sold.....	18,712,432	18,392,848
Sales	\$871,904,000	\$852,605,000
All taxes	268,471,000	263,570,000
Per share	12.02	11.85
Net earnings	45,311,000	44,634,000
Per share	2.03	2.01
Cash dividends	17,843,000	16,117,000
Per share80	.725
Capital expenditures	70,984,000	76,457,000
Depreciation	30,063,000	27,578,000
FINANCIAL CONDITION AT DECEMBER 31		
Working capital	76,950,000	89,829,000
Plant and equipment, net.....	392,010,000	351,537,000
Long-term debt	134,925,000	142,720,000
Shareholders equity	314,121,000	285,318,000
Per share	14.07	12.83
Number of employees	10,723	10,508
Number of shareholders	22,277	21,357

The President's Letter

February 11, 1970

TO THE SHAREHOLDERS OF ANHEUSER-BUSCH, INCORPORATED

The decade of the '60's and the year 1969 were the most successful in the Company's history.

The Company was the leader in the brewing industry for each year in the past decade. Our sales more than doubled during this period and our earnings almost tripled.

In 1969 we again set industry and Company records for sales and earnings.

Total dollar sales were \$871,904,000 as compared with \$852,605,000 in 1968, an increase of 2%. Earnings were \$45,311,000, or \$2.03 a share, as compared with \$44,634,000, or \$2.01 a share in 1968, an increase of 1%.

Beer sales amounted to 18,712,432 barrels, reflecting an increase of 319,584 barrels over the 18,392,848 barrels sold in 1968. Our beer sales represented approximately 16% of the brewing industry sales in 1969 and 1968.

The records set by the Company in 1969 and the growth in sales and earnings for the decade would have been even higher except for the loss caused by the labor difficulty last summer. We now estimate our 1969 loss resulting from the five week nationwide shutdown of all our brewing plants to be approximately 2,000,000 barrels in sales and approximately \$.45 - \$.47 in per share earnings.

The year 1969 proved to be the turning point for our Industrial Products Division. Operations of this Division in 1969 reflected a profit for the first time since 1965. The Division benefited from the closing in 1968 of the inefficient St. Louis corn processing plant and some selling price improvements. Sales of the Industrial Products Division in 1969 accounted for approximately 7% of corporate net sales.

Our expansion and construction program to meet the heavy consumer demand for our beer products was continued in 1969. We began shipping beer from our new Jacksonville, Florida brewery in May, and the 300,000 barrel expansion of our Columbus, Ohio brewery was completed in November. Construction of our new brewery at Merrimack, New Hampshire is progressing well and we will begin shipping beer from Merrimack this summer.

In September, 1969, we purchased approximately 4,000 acres of land near Williamsburg, Virginia for development of a planned industrial-residential community. Last fall, site preparation work began for construction of a new brewery at Williamsburg which is scheduled to be in production by the summer of 1971.

The brewery will occupy approximately 100 acres of the Williamsburg site and plans call for the remainder of the development to include a Busch Gardens attraction, industrial and residential sites, as well as recreational, tourist and convention facilities.

In October, 1969, construction began on our new Busch Gardens adjacent to our Houston Brewery. This Garden, although similar to our Tampa and Los Angeles Gardens, and Grant's Farm in St. Louis, will create a new environment by featuring Asian animals, architecture and landscaping. This attraction will be open to the public in mid-1971.

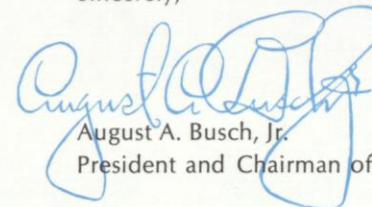
In February, 1969, Hugo Waninger retired as Vice President of the Company after 25 years of outstanding service.

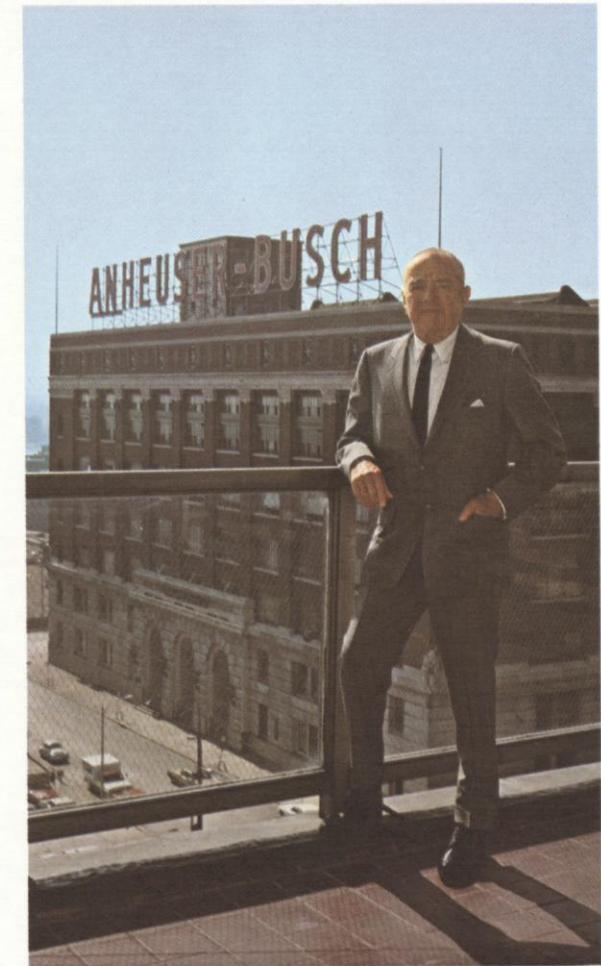
We regret to report the death of our good friend and colleague, Reid McCrum, on July 20, 1969. Mr. McCrum served the Company ably for 23 years, the last 18 years as Treasurer.

Labor negotiations are now under way with the Teamsters' Unions. We are the first company in the brewing industry to bargain contracts on a national basis. A number of labor-management meetings have been held to discuss the "procedural approach" to national negotiations. If both sides continue negotiations with the open-mindedness that has been expressed by each of us in the several meetings we have held thus far, we believe that a conclusion will be reached that will bring us labor peace for many years to come.

I want to extend to our shareholders our sincere appreciation of their continued confidence and support. Let me assure you that we will do our best to continue to earn this confidence and support in 1970 and future years.

Sincerely,


August A. Busch, Jr.
President and Chairman of the Board



Marketing is much more than selling. It is market research, advertising, sales promotion and many other activities. But most of all it is people. People using every technique available to try to understand other people's wants and needs and formulating a marketing strategy that relates to the consumer. At Anheuser-Busch . . .

PEOPLE MAKE THE DIFFERENCE IN SUCCESSFUL MARKETING



People say what they like or do not like about the company's advertising in sessions like this conducted by market research. Product message, presentation and media used are questioned. Based on this information future campaigns are planned.

The quality of our products continues to make an impact on the consumer and his acceptance of them. However, a great number of social, economic, and environmental changes have brought about a sophistication in both the consumer and the marketplace that has emphasized the role of marketing at Anheuser-Busch.

For any marketing formula to be effective it must contain certain basic elements. Some of the essentials of this formula include administration, product planning, market research, sales, advertising and product service.

Every company must then add one more ele-

ment — perhaps the most important because without it nothing happens. This part of the formula is people — people to carry out the various facets of the total program, to mesh their efforts to produce a successful marketing activity.

At Anheuser-Busch, there is an additional unique part of the formula that contributes greatly to the overall success of the effort . . . "Making Friends Is Our Business." This is a stated philosophy which not only guides the marketing effort but one which has served the entire company well throughout its 118-year history.

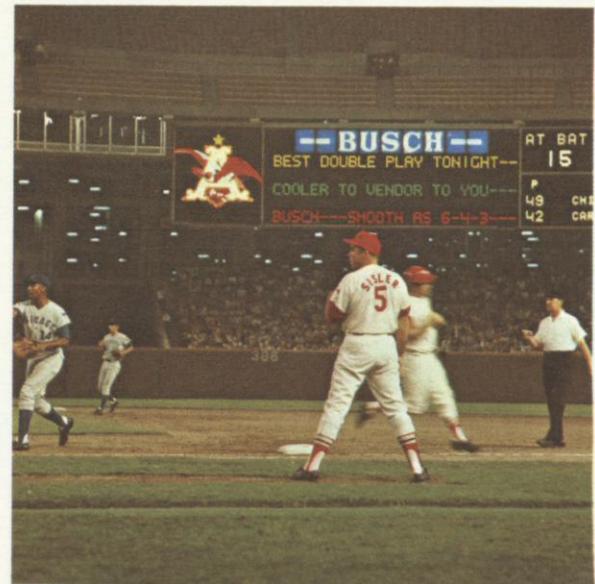
Even with such a philosophy, it takes people to make it come alive—to make it work. To August A. Busch, Jr., president and chairman of the board, who is known as our best beer salesman, to every member of our marketing division and, in fact, to the entire wholesaler organization, "Making Friends Is Our Business" is more than a grouping of words.

Over the years a close rapport with our wholesalers has been established which is built on a foundation of mutual trust and confidence. This relationship was strengthened with the establishment of the Wholesalers Advisory Panel





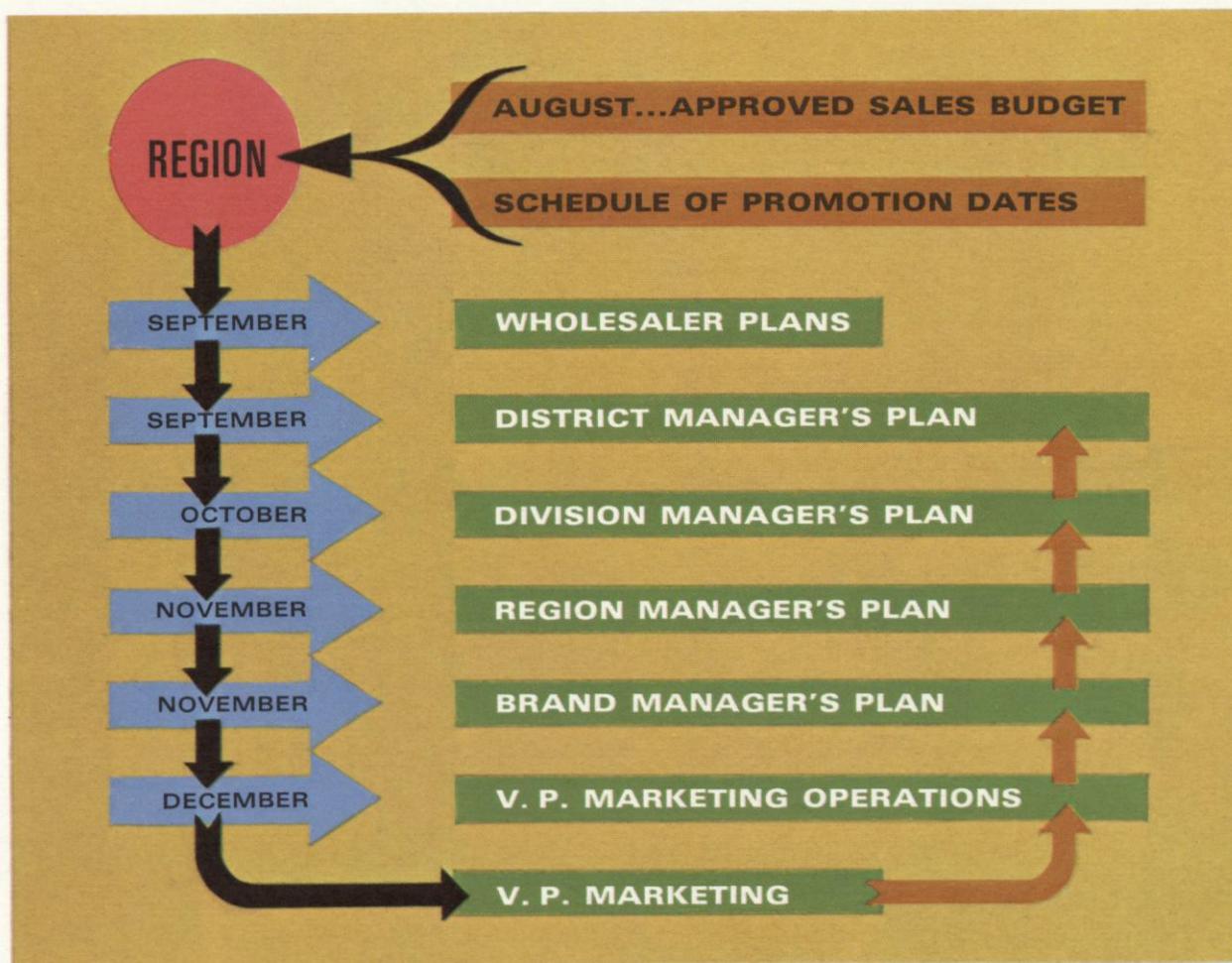
In the marketplace, consumers are asked their opinions about packaging, display, and the products. Research like this helps produce point-of-sale merchandising that contributes to overall marketing effectiveness.



Cardinal baseball and the Busch brand have formed a close association for millions of fans. The game action and the Busch message are available through a network of 120 radio stations in the midwest and southern states.

Ed McMahon, long-time spokesman for Budweiser, and the Burgundy Street Singers, who present the Budweiser message with a modern beat, team up to film a television announcement. The setting is Busch Gardens—Los Angeles.

FLOW CHART/MARKET PLANS



Planning marketing strategy is based on a two-way flow of data. Information flows from the marketing staff to the wholesaler organization and is used in the formulation of a marketing plan by the distributor. The wholesaler's plan is channeled back through the marketing staff for consideration in both immediate and future planning.

in 1964. Born out of mutual concern for common problems, the Panel is a vehicle designed to practice two-way communication to effect practical solutions to these problems.

A similar rapport and compatibility, which is so essential to a well-motivated marketing operation, exists with the people who occupy key positions in the line and staff organization of the company. With their varied experiences in the field, they are aware of the kinds of problems facing wholesalers and retailers and recognize the importance of helping to provide workable solutions.

In solving marketing problems, the objective information obtained from research and computer analysis is utilized in combination with personal experience to arrive at a practical decision. Machines provide information but people make decisions.

In day-to-day marketing experiences and in the long-range outlook, the atmosphere at every level of the organization is one of constant learning, of constant investigation of the marketplace, of constant awareness that it is necessary to be prepared for change and to use this information to create marketing opportunities.



People who enjoy golf are most apt to be good customers for Michelob. Research bears this out and thus the sponsorship of golfing events on television and advertisements in magazines that appeal to golfers.



Advertising with appeal to particular groups of people presents the message at a time and in a manner that promotes receptivity.

The inevitability of change must be considered in devising the annual marketing plan. Based on the knowledge available at the time of its inception, the marketing staff writes a plan detailing the strategies and tactics to be used during the year for the various brands and sets the timetable for the accomplishment of prestated objectives utilizing these strategies and tactics.

The chart on page 6 displays the flow of marketing information from the staff to the wholesaler and how information is then fed back through the organization where it is incorporated in a single cohesive program designed to produce maximum sales results.



Research indicates that people who are most apt to buy Anheuser-Busch beers read the publications illustrated in the above photo. These publications, along with the CBS and ABC TV networks, participated in an exposition held during the Company's 1970 annual sales convention to inform the wholesalers of the importance of the advertising in the publications their customers read. In addition to general interest print media, many specialized publications are used to present the product message.

It is important to note that this program is constantly reviewed and updated to stay abreast of current developments and remain consistent with long-range objectives.

In developing this plan from both the standpoint of marketing management and individual wholesaler, emphasis is placed on establishing realistic goals. While the goals may require extra effort if they are to be achieved, they are attainable and the wholesaler knows he will have the full support of all levels of marketing to help him attain the objectives.

The availability of this support is assisted by the "open door" policy which has been in existence with Anheuser-Busch for many years. This policy means that the wholesaler has free access to any level of management, that all doors, including the door to the office of the president and chairman of the board, are always open to communication with the wholesaler.

In the period immediately ahead as well as in future years, the basics of the Anheuser-Busch marketing formula will remain the same but the variable elements will always be geared to the changing environment. In other words, the programs of the future will continue to relate to the people and the conditions as they prevail at the time. The ability to communicate has been a mark of the company throughout its history and has contributed greatly to the success story of the past decade.

It should be reassuring that the people who will guide the marketing effort in the years ahead are fully aware of the importance of relating to the consumer, have the maturity to make the objectives realistic, and the youth to pursue, with vigor, the achievement of these goals.

The label on the product is familiar but the Busch identification on the shirts and the cooler is new. It relates to the young adults who associate this type of presentation with products that are attuned to the modern way of life.



Where the buying decision is made Ed McMahon is there to lend his influence—especially during Pick-A-Pair time.



BUSCH

...the Best Popular Priced Beer in America is sold in bottles, cans and on draught. It is available in six-packs and by the case in bottles and cans.



Industrial Products Division — the products of this Division are used extensively by the baking and food processing industries as well as in the manufacturing and processing of paper and textiles.

In addition to the packaged products, the company's corn syrup and starches are sold by the carload.



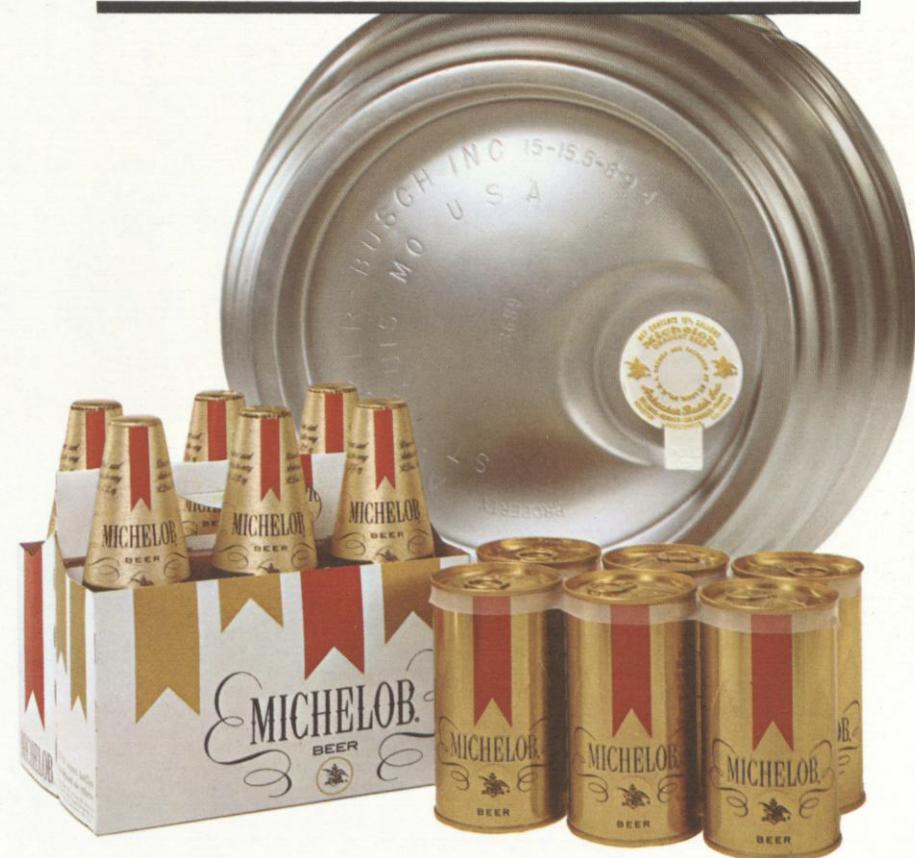
BUDWEISER

...the King of Beers is available in bottles, cans and on draught. Both bottles and cans are available in six-packs and by the case.



MICHELOB

...the world's finest draught beer since 1896 is also available in bottles and cans. In cans as well as the distinctive bottle, it is marketed in six-packs and the 24-unit case. Michelob is featured by some of the most famous hotels and clubs in this country, and it is also available at United States Military Installations in Europe and the Far East.



*Williamsburg
Land
Development*

In his letter to shareholders, Mr. Busch told you about the general plan for the development of an industrial-residential community near Williamsburg, Virginia.

Complete plans are currently being devised in order that development of this project can proceed immediately after completion of the Williamsburg brewery which is scheduled for the middle of 1971.

In the aerial photograph of the Anheuser-Busch Williamsburg property (at right), the area in the foreground is the planned location for an industrial park (about 500 acres). This section of the property is serviced by rail as well as interstate highways, but will be physically separated



from the planned residential area by a proposed private country roadway linking Carter's Grove Plantation and the historic area of Williamsburg. In the center of the industrial park will be the new 2-million barrel brewery, which is currently under construction, and a planned Busch Gardens attraction.

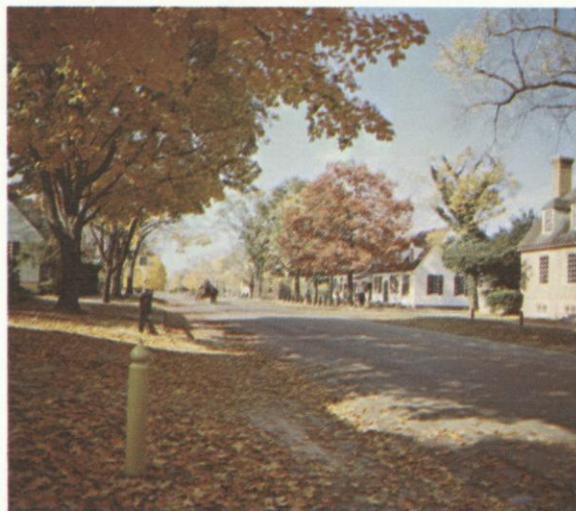
The proposed roadway, an existing Colonial Parkway (to the west of the property), and the James River (in the background) form three boundaries for the residential-recreational area. Preliminary studies indicate that there are excellent opportunities in this area for low and medium density housing, recreational facilities including golf courses and a marina, visitor

accommodation areas, and other leisure-time attractions.

We plan to follow the Anheuser-Busch tradition of quality and excellence in the complete development of the property. We hope you will visit us when some of the current plans have become realities and we can present the kind of tour that has attracted millions of people to our other plant locations.

Colonial Williamsburg

Located several miles from the Company's property is the city of Williamsburg and its historic area known worldwide as Colonial Williamsburg — a travel attraction visited by over a million people in 1969. The purpose of Colonial Williamsburg, in the words of the Board of Trustees, is "to re-create accurately the environment of the men and women of the eighteenth-century Williamsburg and to bring about such an understanding of their lives and times that present and future generations may more vividly appreciate the contribution of these early Americans to the ideals and culture of our country."



One of Colonial Williamsburg's biggest attractions is mile-long Duke of Gloucester Street, lined with historic buildings, tiny craft shops, and colonial homes.



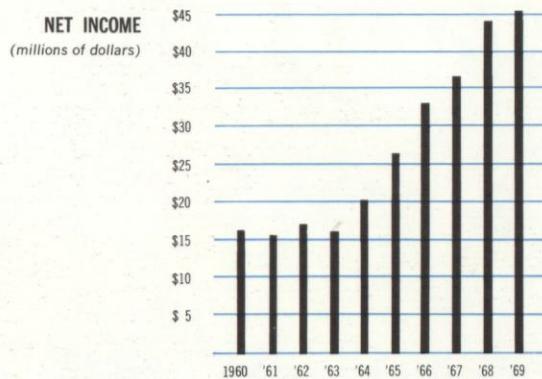
This eighteenth-century home on Market Square in Colonial Williamsburg once belonged to Peyton Randolph, president of the First Continental Congress and a distinguished Virginian leader of the Revolutionary era. Architecturally this is one of the most distinguished homes in Virginia.

Photos courtesy Colonial Williamsburg, Inc.



Considered one of the handsomest estates in colonial America, the colonial Governor's Palace was the official residence of the king's representative to the Virginia Colony.

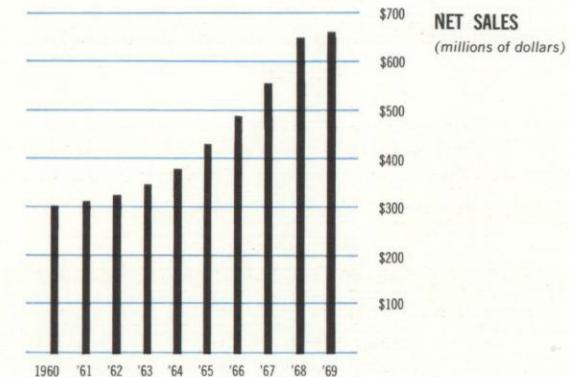
REVIEW OF THE YEAR 1969



This report includes the operations of the Company and all of its subsidiaries. The following summary compares the operations of 1969 with 1968:

	In Thousands		
	1969	1968	Change
Barrels sold (all beers) . . .	18,712	18,393	319
Net sales	\$666,609	\$652,707	\$13,902
Cost of doing business . . .	573,671	560,046	13,625
Income before taxes	92,938	92,661	277
Tax provision	47,627	48,027	(400)
Earnings	45,311	44,634	677
Per share	2.03	2.01	.02

The summary shown above reflects a 1%



increase in earnings per share for 1969. The five year compounded growth rate of the Company's earnings per share is 18%.

The return on average shareholders equity for the year was 15% compared with 17% for 1968. The ratio of earnings to net sales was 7% for 1969.

Cash dividends of \$.80 per share were paid in 1969. This represented an increase of 10% over the \$.725 per share paid in 1968. The Company has paid cash dividends in each of the past 37 years, plus stock dividends in the years 1953, 1954 and 1966.

A condensed statement of beer volume and

consolidated earnings by quarters is shown below:

	In Thousands			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Barrels sold (all beers)	4,675	3,245	5,425	5,367
Net sales	\$163,666	\$117,979	\$193,160	\$191,804
Depreciation provision	7,120	7,528	7,617	7,798
Income before taxes	21,647	4,226	33,334	33,731
Earnings	10,323	2,301	16,090	16,597
Per share	.46	.11	.72	.74

Earnings in each of the 1969 quarters were higher than the preceding year except for the second quarter. The second quarter of 1969 suffered from the national work stoppage which closed down all brewing plants for approximately five weeks in May and June. The estimated loss from this shutdown was approximately 2,000,000 barrels of beer in sales and \$10,000,000 in earnings.

Taxes

Total taxes applicable to 1969 operations (not including the many hidden taxes included in materials and services purchased) amounted

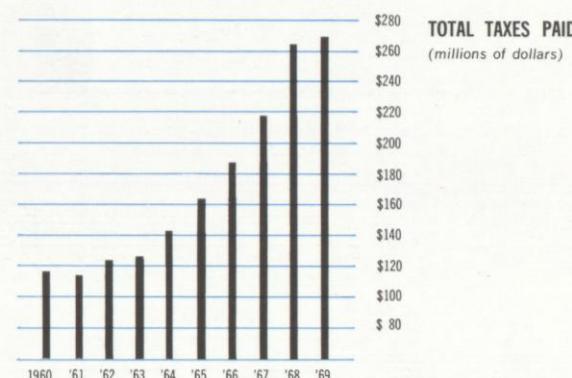
to \$268,471,000. Total taxes for the last two years were:

	In Thousands	
	1969	1968
Federal and state excise taxes on beer sold	\$205,295	\$199,898
Federal and state income taxes	47,627	48,028
All other taxes	15,549	15,644
Total	\$268,471	\$263,570
Per share	12.02	11.85

Federal and state income taxes include a 10% surcharge on federal income taxes which amounted to \$4,310,000, or \$.19 per share in 1969 and \$.20 per share in 1968.

Working capital

Working capital at December 31, 1969, was \$76,950,000 and working capital ratio was 2.2 to 1. Cash and marketable securities aggregated \$44,859,000.



The following statement summarizes the flow of funds for 1969:

	In Thousands
	1969
SOURCE OF FUNDS	
Net earnings	\$45,311
Non-cash charges against income	36,913
Sale of common stock under option plans	1,334
Other	185
Total	83,743
DISPOSITION OF FUNDS	
Additions to property accounts	70,984
Dividends paid	17,843
Long-term debt reduction	7,795
Total	96,622
Working capital decreased	\$12,879

Property

Capital expenditures amounted to \$70,984,000 in 1969 and \$370,480,000 over the past five years. The major expenditures in 1969 were for the new Jacksonville, Florida brewery, the expanded Columbus, Ohio brewery, and breweries under construction at Merrimack, New

REVIEW OF THE YEAR

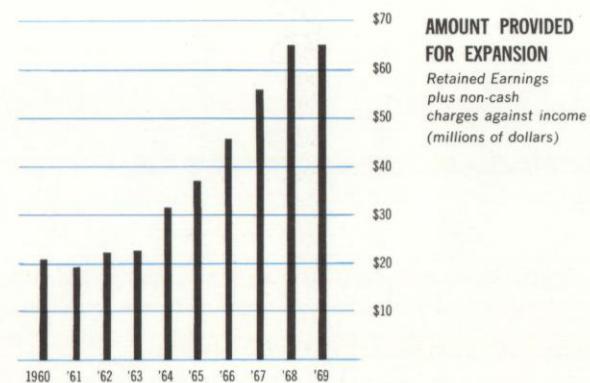
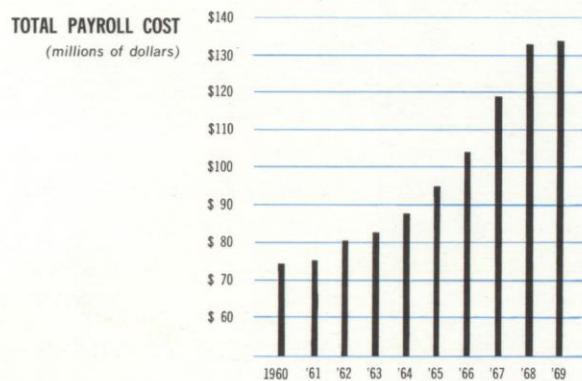
Hampshire and Williamsburg, Virginia.

The following summary presents capital expenditures and depreciation expense for the past five years:

	In Thousands	
	Additions	Depreciation Expense
1965	\$ 47,953	\$ 16,102
1966	89,671	18,955
1967	85,415	23,524
1968	76,457	27,578
1969	70,984	30,063
Total	\$370,480	

In 1969, the United States Congress passed legislation repealing the investment tax credit effective April, 1969. The repeal of this credit will not have a significant impact on earnings in the next few years because of the Company's practice of taking the investment tax credit into income over the average lives of the applicable assets.

The Company uses guideline rates permitted by the Treasury Department in computing depreciation for tax purposes. The resultant tax



reduction has been credited to deferred income taxes.

Shareholders

At the close of the year, shareholders numbered 22,277 compared with 21,357 at the end of 1968.

	Holders Of Record	Shares Held
Men	6,057	3,078,297
Women	5,884	3,701,568
Joint names	6,855	1,246,632
Fiduciaries	2,151	4,036,942
Institutions, foundations, brokers, nominees and others	1,330	10,266,111
Total	22,277	22,329,550

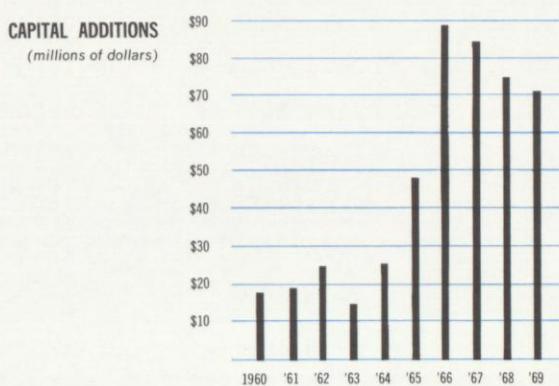
Employee benefits

At December 31, 1969, employment was 10,723. Salaries and wages to officers and employees amounted to \$116,577,000. Pension, life insurance and welfare benefits aggregated \$12,677,000; payroll taxes totaled \$4,618,000.

Farm products

The American farmer supplies the domestic hops, barley, rice and other grains used in the production of beer, corn for various corn products, and molasses used in the production of yeasts.

Farm products purchased by the Company in 1969 had an aggregate value of \$68,828,000. Processing of brewers grains and corn produced 184,500 tons of high protein animal feed hav-



ing a sales value of \$7,501,000.

In the brewing of Budweiser, the Company is one of the few breweries using rice exclusively as an adjunct grain to barley malt.

Research

Research and development continues to play an important role in the Company's search for product diversification and for technical improvements in the manufacture of the Company's products. During 1969, research emphasis was placed on the development of new products for the industrial, institutional and consumer markets. In addition to the development of new products, greater effort has been directed toward the expansion and improvement of existing product lines as well as upgrading by-products from our brewing and corn refining operations.

St. Louis Cardinals and Lianco

The baseball Cardinals 1969 earnings of \$1,020,000 have been included as a separate

item in the consolidated financial statements. The Cardinals will receive \$2,000,000 over a 7-year period (1968-1974) as a result of the expansion of the National League from 10 to 12 teams. Of this amount, \$200,000 was received and reported as income in 1968 and \$1,200,000 in 1969. The balance of \$600,000 will be reported as income by the Cardinals in the years the payments are received.

Lianco Container Corporation, which is 60% owned by the Company, was profitable in its first full year of operation. The Company's equity in the net earnings of Lianco through December 31, 1969, has been added to the original investment cost in the balance sheet and deducted from costs of products sold in the statement of income.

Management changes

The following officer appointments were made on July 24, 1969:

John L. Hayward—Secretary and Treasurer

Roy Lanphere—Assistant Treasurer

Harry F. Suellentrop—Assistant Treasurer

*Consolidated
balance sheet*

ASSETS	December 31, 1969	December 31, 1968
Current Assets:		
Cash (including certificates of deposit of \$2,070,000 in 1969 and \$24,235,000 in 1968)	\$ 10,030,000	\$ 33,223,000
Marketable securities (short-term), at cost which approximates market	34,829,000	35,638,000
Accounts and notes receivable, less allowance for doubtful accounts of \$550,000	39,778,000	33,160,000
Inventories, at lower of cost or market, cost being determined under the "last-in, first-out" method for approximately 57% of total inventories in 1969—		
Finished goods	7,399,000	8,334,000
Work in process	14,230,000	13,236,000
Raw materials and supplies.....	35,378,000	36,307,000
Total current assets	141,644,000	159,898,000
Investments and Other Assets:		
St. Louis National Baseball Club, Inc. (Note 1).....	6,307,000	5,287,000
Lianco Container Corporation (Note 1).....	975,000	600,000
Deferred charges and other non-current assets	8,593,000	9,724,000
	15,875,000	15,611,000
Plant and Equipment, at cost:		
Land	19,455,000	14,850,000
Buildings	208,829,000	183,103,000
Machinery and equipment	327,452,000	288,641,000
Construction in progress	54,851,000	55,432,000
Other real estate	2,035,000	2,155,000
	612,622,000	544,181,000
Less accumulated depreciation	220,612,000	192,644,000
	392,010,000	351,537,000
	\$549,529,000	\$527,046,000

LIABILITIES and SHAREHOLDERS EQUITY

 December 31,
 1969 December 31,
 1968

Current Liabilities:

Accounts payable	\$ 27,253,000	\$ 24,076,000
Accrued salaries and wages	5,996,000	7,711,000
Accrued taxes, other than income taxes.....	14,242,000	13,005,000
Estimated federal and state income taxes.....	12,000,000	21,044,000
Other current liabilities	5,203,000	4,233,000
Total current liabilities	64,694,000	70,069,000

Long-Term Debt:

4 3/4 % notes payable maturing 1971 to 1976.....	1,580,000	1,868,000
3 3/8 % debentures maturing 1971 to 1977, less \$2,814,000 in treasury in 1969 and \$767,000 in 1968	7,601,000	11,138,000
4 1/2 % debentures maturing 1971 to 1989, less \$2,836,000 in treasury in 1969 and \$2,697,000 in 1968.....	33,364,000	35,403,000
5.45% debentures maturing 1971 to 1991, less \$2,620,000 in treasury in 1969 and \$689,000 in 1968.....	42,380,000	44,311,000
6% debentures maturing 1975 to 1992.....	50,000,000	50,000,000
	134,925,000	142,720,000

Accumulated Deferred Income Taxes	23,212,000	18,149,000
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Accumulated Deferred Investment Tax Credit Being Amortized.....	12,577,000	10,790,000
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Shareholders Equity (Notes 2 and 3):

Common stock, \$1 par value, authorized 30,000,000 shares; issued 22,599,744 shares	22,600,000	22,517,000
Capital in excess of par value (principally arising from stock dividends)	70,452,000	69,200,000
Retained earnings	224,281,000	196,813,000
	317,333,000	288,530,000
Less cost of 270,194 shares of treasury stock.....	3,212,000	3,212,000
	314,121,000	285,318,000
	\$549,529,000	\$527,046,000


ANHEUSER-BUSCH, INCORPORATED
and subsidiaries

The above statement should be read in conjunction
with the Notes to Consolidated Financial Statements
appearing on page 24 of this report.

*Consolidated statement
of income and
retained earnings*

	1969	1968
Sales	\$871,904,000	\$852,605,000
Less federal and state beer taxes.....	205,295,000	199,898,000
	666,609,000	652,707,000
<hr/>		
Costs and Expenses (Notes 4 and 5):		
Cost of products sold.....	490,932,000	477,184,000
Marketing, administrative and general expenses	84,113,000	82,472,000
	575,045,000	559,656,000
	91,564,000	93,051,000
Other Income and Expenses:		
Interest income	3,604,000	3,760,000
Interest expense	(7,401,000)	(7,664,000)
Net income St. Louis National Baseball Club, Inc.....	1,020,000	821,000
Purchase discounts, other income and expenses, net.....	4,151,000	2,693,000
Income before income taxes	92,938,000	92,661,000
<hr/>		
Provision for Income Taxes:		
Current	40,777,000	42,102,000
Deferred	6,850,000	5,925,000
	47,627,000	48,027,000
	45,311,000	44,634,000
<hr/>		
Retained earnings at beginning of year.....	196,813,000	168,296,000
	242,124,000	212,930,000
Cash dividends, \$.80 per share in 1969 and \$.725 per share in 1968.....	17,843,000	16,117,000
Retained earnings at end of year.....	\$224,281,000	\$196,813,000



The above statement should be read in conjunction with the Notes to Consolidated Financial Statements appearing on page 24 of this report.

Funds were provided by:

Operations—

	1969	1968
Net income for the year.....	\$ 45,311,000	\$ 44,634,000
Charges to operations not involving cash—		
Depreciation	30,063,000	27,578,000
Closing of St. Louis corn processing plant.....		2,810,000
Deferred income taxes	5,063,000	3,958,000
Deferred investment tax credit	1,787,000	1,967,000
	<hr/> 82,224,000	80,947,000

*Consolidated statement
of source and
application of funds*

Sale of common stock under option plans.....	1,334,000	1,443,000
Other changes, net	185,000	939,000
	<hr/> 83,743,000	83,329,000

Funds were applied to:

Capital expenditures	70,984,000	76,457,000
Cash dividends paid	17,843,000	16,117,000
Reduction of long-term debt	7,795,000	5,178,000
	<hr/> 96,622,000	97,752,000
Decrease in working capital	\$ 12,879,000	\$ 14,423,000
	<hr/>	

To the Shareholders and Board of Directors
of Anheuser-Busch, Incorporated

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and retained earnings and source and application of funds present fairly the financial position of Anheuser-Busch, Incorporated and its subsidiaries at December 31, 1969, the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Independent accountants
opinion ...*

*Ten year
financial summary
(Thousands)*

	1969	1968	1967
SALES AND EARNINGS			
Barrels sold	18,712	18,393	15,535
Net sales	\$666,609	\$652,707	\$554,880
Depreciation	30,063	27,578	23,524
Direct payroll	116,577	116,516	106,260
Income before income taxes.....	92,938	92,661	67,150
Net income	45,311	44,634	36,195
Net income per share	2.03	2.01	1.63

DIVIDENDS

Total cash dividends	17,843	16,117	13,146
Cash dividends per share80	.725	.60

BALANCE SHEET INFORMATION

Working capital	76,950	89,829	104,252
Plant and equipment, net.....	392,010	351,537	306,476
Capital expenditures	70,984	76,457	85,415
Long-term debt	134,925	142,720	147,898
Deferred income taxes	23,212	18,149	14,191
Deferred investment tax credit	12,577	10,790	8,823
Shareholders equity	314,121	285,318	255,359

1966	1965	1964	1963	1962	1961	1960
13,575	11,841	10,370	9,397	9,035	8,508	8,477
\$485,063	\$427,698	\$380,711	\$347,414	\$330,942	\$313,380	\$312,404
18,955	16,102	14,805	13,461	12,500	11,438	10,816
93,895	85,809	78,326	74,725	71,950	68,059	67,066
63,487	51,158	40,523	32,872	35,582	31,527	34,486
33,627	26,732	20,342	15,987	17,185	15,461	15,903
1.52	1.22	.92	.73	.78	.70	.72

10,806	9,491	8,050	7,851	7,359	7,346	6,820
.50	.44	.37	.36	.34	.34	.32



85,989	81,926	95,436	54,757	49,938	54,491	51,846
244,883	174,902	144,368	133,544	131,970	120,310	117,073
89,671	47,953	25,731	15,476	25,094	19,945	17,176
99,293	53,497	55,760	18,049	19,584	21,102	24,493
9,149	6,604	3,575	50	25		
4,356	2,447	2,026	1,540	263		
231,438	207,376	191,363	179,246	171,247	161,558	153,309

Per share statistics have been adjusted to give effect to the two-for-one stock split and 10% stock dividend in 1965 and the two-for-one stock split in 1968.

Restated for years prior to 1967 to include data for companies acquired in 1967 on a pooling of interests basis and the net income of St. Louis National Baseball Club, Inc.

Notes to consolidated financial statements

NOTE 1—PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the Company and all of its subsidiaries. St. Louis National Baseball Club, Inc. and Lianco Container Corporation are included on an equity basis.

NOTE 2—STOCK OPTIONS:

Under the 1955 stock option plan (which has been terminated and under which no further options may be granted) options granted to officers and key employees covering 15,230 shares of common stock remain outstanding and exercisable at December 31, 1969. These options, which expire in 1971, are priced at 95% of the fair market value at the date granted, or \$12.33 per share. During 1969, options covering 73,670 shares were exercised at prices ranging from \$12.07 to \$14.97 per share.

Under a stock option plan adopted by the shareholders in 1967, 1,055,256 shares of common stock were reserved at December 31, 1969 for issuance to officers and key employees. Options granted under this plan expire in 1972 and 1973 and the option price is 100% of fair market value of the shares at date granted. At December 31, 1969, options covering 162,264 shares were outstanding and range in price from \$40.75 to \$68.13 per share. During 1969, options covering 9,049 shares were exercised at a price of \$40.75 per share and options covering 668 shares were terminated. Options covering 97,721 shares were exercisable at December 31, 1969.

Proceeds from the sale of common stock under the plans totaled \$1,334,000 of which \$1,252,000, representing the excess of option prices over par

value, has been credited to capital in excess of par value.

NOTE 3—RETAINED EARNINGS RESTRICTION:

The indentures under which the Company's long-term debt is issued contain provisions which limit the amount of retained earnings available for cash dividends. Under the most restrictive of these provisions, retained earnings at December 31, 1969 were restricted to the extent of \$67,522,000 against the payment of cash dividends.

NOTE 4—PENSION PLANS:

The Company has several pension plans covering substantially all of its employees. The total pension expense was \$7,923,000 in 1969 and \$7,782,000 in 1968. Salaried employees are covered under a trustee pension plan with unfunded prior service cost amounting to \$6,400,000 at December 31, 1969. In 1968, pension expense included a contribution of approximately \$325,000 toward prior service cost of the Salaried Employees' Plan. No similar contribution was made in 1969. Pension plans have been adopted for hourly-paid employees under agreements with the unions representing such employees. Obligations for contributions under these plans are based on a defined contribution per employee in accordance with the various labor agreements. The Company follows the policy of funding all pension costs accrued.

NOTE 5—DEPRECIATION:

The provision for depreciation amounted to \$30,063,000 in 1969 and \$27,578,000 in 1968. Depreciation is computed principally on the sum-of-the-years-digits method for property acquired after December 31, 1953 and on the straight-line method for property acquired prior to that date.

NOTE 6—COMMITMENTS AND CONTINGENCIES:

In connection with the plant expansion and improvement program, the Company has commitments for capital expenditures totaling about

\$15,140,000 at December 31, 1969.

Under an agreement with the Company's can manufacturing facility, Lianco Container Corporation, the Company is obligated as a guarantor, to the extent of 60%, for the payment of principal and interest on bank loans incurred by Lianco amounting to \$6,250,000 at December 31, 1969.

In May 1968, Beverage Distributors, Inc. (a former wholesaler of the Company whose relationship as a wholesaler had previously been terminated by the Company), filed suit against the Company in the United States District Court for the Northern District of California, alleging violations by the Company of Sections 1 and 2 of the Sherman Act, and seeking a permanent injunction against the Company from engaging in certain alleged illegal acts and treble damages based upon alleged loss of net profits. The Company is contending that this case is without merit and is defending against it.

The Company's 1968 Annual Report disclosed that Beverage Distributors, Inc. had, on January 11, 1967, also filed a suit (involving the same basic issues as are involved in the United States District Court case) against the Company in the Superior Court of the State of California for the County of Los Angeles alleging illegal acts and claiming damages in the amount of \$20,000,000. On December 29, 1969, Beverage Distributors, Inc. dismissed this suit without prejudice.

In May 1968, the Company filed suit in the United States District Court for the Western District of Pennsylvania against Pittsburgh Brewing Company, Inc. and DuBois Brewing Company asking that the defendants be enjoined and restrained from using certain of the Company's registered trademarks in connection with the defendants' advertising or sale of beer products. In addition, the Company has asked for an accounting and for damages resulting from the infringement of its registered trademarks by defendants.

The Company was defendant in certain other lawsuits at December 31, 1969, the ultimate outcome of which cannot be determined at this time. The Company's liability under such suits, if any, would not materially affect its financial condition or operations.

DIRECTORS

AUGUST A. BUSCH, JR.
President and Chairman of the Board
Anheuser-Busch, Incorporated

AUGUST A. BUSCH III
Vice President and General Manager
Anheuser-Busch, Incorporated

DAVID R. CALHOUN, JR.
Chairman of the Board and
Chief Executive Officer
St. Louis Union Trust Company

JOHN FLANIGAN

A. VON GONTARD
Vice Chairman of the Board
Anheuser-Busch, Incorporated

JOHN F. KREY II
President, Krey Packing Company

H. NORRIS LOVE
Consultant

J. W. McAFFEE
Chairman of the Board
Union Electric Company

R. A. MEYER
Executive Vice President
Anheuser-Busch, Incorporated

JAMES B. ORTHWEIN
Executive Vice President
D'Arcy Advertising Company

FREDERIC M. PEIRCE
Chairman of the Board and
Chief Executive Officer
General American Life Insurance Company

W. R. PERSONS
Chairman of the Board and
Chief Executive Officer
Emerson Electric Company

WALTER C. REISINGER
Vice President
Anheuser-Busch, Incorporated

ETHAN A. H. SHEPLEY
Of counsel—Shepley, Kroeger and Hecker

JOHN L. WILSON
Chairman—Finance Committee of the Board
Anheuser-Busch, Incorporated

OFFICERS

AUGUST A. BUSCH, JR., President

R. A. MEYER, Executive Vice President

AUGUST A. BUSCH III
Vice President and General Manager

FRANK H. SCHWAIGER
Senior Vice President—Brewing

HENRY N. MCCLUNEY, Vice President

ROBERT S. WEINBERG, Vice President

FRANK J. SELLINGER, Vice President

JOHN H. PAHLMANN, Vice President

GEORGE W. COUCH, JR., Vice President

OWEN RUSH, Vice President

CHARLES S. AULBERT, Vice President

RICHARD J. BENDER, Vice President

MELVIN H. FRITZ, Vice President

THOMAS R. SCANLAN, JR., Vice President

WALTER C. REISINGER, Vice President

JERRY E. RITTER, Controller

JOHN L. HAYWARD, Secretary and Treasurer

THOMAS J. CARROLL, Assistant Secretary

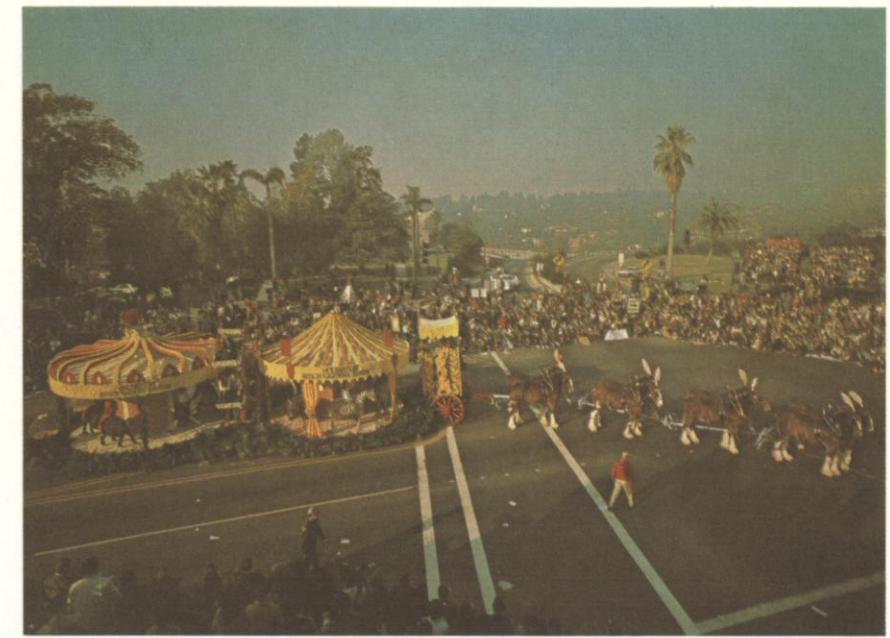
STUART F. MEYER, Assistant Secretary

R. A. RAWIZZA, Assistant Controller

ROY LANPHERE, Assistant Treasurer

H. F. SUELLENTROP, Assistant Treasurer

"Holidays at Busch Gardens" was the title of the float entered for the City of St. Louis by Anheuser-Busch, Inc., and the entry again won a prize. It was judged the best float in the parade from a city outside California with a population of more than 600,000.



The float was drawn by the Anheuser-Busch Clydesdale eight-horse hitch and depicted the existing Busch Gardens at Tampa and Los Angeles and the Gardens at Houston, currently under construction, in a floral presentation.

STOCK TRANSFER AGENTS

ST. LOUIS UNION
TRUST COMPANY
510 Locust Street
St. Louis, Missouri

CHEMICAL BANK
20 Pine Street
New York, New York

STOCK REGISTRARS

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION
721 Locust Street
St. Louis, Missouri

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK
30 West Broadway
New York, New York

DEBENTURES—TRUSTEE, REGISTRAR AND PAYING AGENT

MANUFACTURERS HANOVER
TRUST COMPANY
40 Wall Street
New York, New York

CHEMICAL BANK
20 Pine Street
New York, New York

Brewery Plants:
ST. LOUIS, NEWARK, LOS ANGELES,
TAMPA, HOUSTON,
COLUMBUS (OHIO),
JACKSONVILLE (FLORIDA)

Under Construction:
MERRIMACK (NEW HAMPSHIRE),
WILLIAMSBURG (VIRGINIA)

ANHEUSER-BUSCH, INCORPORATED, 721 Pestalozzi Street, St. Louis, Missouri 63118



Corn Refining Plant:
LAFAYETTE (INDIANA)

Yeast Plants:
ST. LOUIS,
OLD BRIDGE (NEW JERSEY)